

million population, per capita GDP is estimated at \$2,375. During the 1990-1994 period GDP is expected to maintain an average annual growth rate of 2%-3%.

In an effort to revitalize and open the Mexican economy, the Mexican Government undertook a series of structural changes, including the accession to the General Agreement on Tariffs and Trade (GATT) on August 24, 1986 leading to an extensive trade liberalization process. The automotive and computer industries have also been liberated and items in these categories are now importable without prior import permit requirements.

Major changes were made in the Foreign Investment Law, which now allows direct foreign investment of up to 100% in several sectors of the economy, previously restricted to a minimum 51% Mexican ownership.

According to official data from the Mexican Secretariat of Commerce and Industrial Development (SECOFI), Mexico's previous trade surplus changed to a deficit of \$1.7 billion in 1989. Total exports increased 10.7% totalling \$22.7 billion, while imports increased 24% from \$19.7 billion to \$24.5 billion. Imports of consumer products increased 82%, while those of intermediate goods grew by 17% and capital goods by 18% in 1989. Total Mexican imports from Canada increased 24% in 1989 to Cdn\$603 million. In 1989, total trade between Mexico and Canada was valued at Cdn\$2,301 million: Cdn\$603 million in the sale of Canadian goods and services to Mexico and Cdn\$1,698 million in Canadian purchases from Mexico. Mexico and Canada have traditionally been strong trading partners. According to Mexican figures, in 1989, 1.9% of Mexico's imports came from Canada, while 1.3% of its exports were to Canada. This makes Canada Mexico's fifth largest exporter and sixth largest importer.

### 3. MARKET ASSESSMENT

The total Mexican market for machine tools and metalworking equipment amounted to \$421 million in 1988, up 50% over the \$280 million of 1987. Preliminary data for 1989 place the market size at \$451 million, reflecting a further 7% growth. As a result of Mexico's open investment and trade policy, total demand is expected to increase at an 11% annual rate and reach \$759.6 million in 1994. In conjunction with Mexico's general economic growth, a variety of new projects are underway in the steel and automotive sectors, which have boosted demand for this type of equipment and will continue to do so in the future.

**TABLE 1**  
**THE MEXICAN MARKET FOR MACHINE TOOLS**  
**AND METALWORKING EQUIPMENT**  
(million US dollars)

	1987	1988	1989 <sup>e</sup>	1994 <sup>p</sup>	88-91 ANNUAL GROWTH
Production	48.3	59.5	63.6	89.2	7.0%
+ Imports	245.8	384.8	411.7	708.1	11.5%
- Exports	14.2	22.9	24.5	37.7	9.0%
<b>TOTAL</b>	<b>279.9</b>	<b>421.4</b>	<b>450.8</b>	<b>759.6</b>	<b>11.0%</b>

**Source:** Import and export statistics - Secretaría de Comercio y Fomento Industrial.